



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS

*Internal Audit Section*



**FILE COPY**

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May 16, 2011

Thomas Wickenhauser, Executive Director  
Harris House Foundation, Inc.  
8327 South Broadway  
St. Louis, MO 63111

RE: Harris House Foundation, Inc. (Project #2011-AHC05)

Dear Mr. Wickenhauser:

Enclosed is a report of our fiscal monitoring review of Harris House Foundation, Inc. for the period April 1, 2010 through March 31, 2011. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of Harris House Foundation. Fieldwork was completed on April 15, 2011.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the Affordable Housing Commission (AHC) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

Dr. Kenneth M. Stone, CPA  
Internal Audit Executive

Enclosure

cc: Angela Morton Conley, Executive Director, Affordable Housing Commission



# CITY OF ST. LOUIS

**AFFORDABLE HOUSING COMMISSION (AHC)**

**HARRIS HOUSE FOUNDATION, INC.  
CONTRACT #41-10G**

**FISCAL MONITORING REVIEW  
APRIL 1, 2010 THROUGH MARCH 31, 2011**

**PROJECT #2011-AHC05**

**DATE ISSUED: May 16, 2011**

**Prepared by:  
The Internal Audit Section**



## OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS  
AFFORDABLE HOUSING COMMISSION (AHC)  
HARRIS HOUSE FOUNDATION, INC.  
FISCAL MONITORING REVIEW  
APRIL 1, 2010 THROUGH MARCH 31, 2011**

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## **INTRODUCTION**

### **Background**

**Contract Name:** Harris House Foundation, Inc.  
**Contract Numbers:** 41-10G  
**Contract Periods:** April 1, 2010 through March 31, 2011  
**Contract Amounts:** \$32,000

The contract provided funds from the Affordable Housing Commission, Inc. (AHC) to Harris House Foundation (Agency) to assist in operating expenses, specifically utilities, for accessible transitional housing to alcoholic or chemically dependent, homeless or low income individuals.

### **Purpose**

The purpose of the review was to determine Agency's compliance with federal, state and local AHC requirements for the period April 1, 2010 through March 31, 2011, and make recommendations for improvements, as considered necessary.

### **Scope and Methodology**

Inquiries were made regarding the Agency's internal controls relating to the grant administered by AHC. Evidence supporting the reports the Agency submitted was tested and other procedures were performed, as considered necessary.

### **Exit Conference**

An exit conference was conducted at the Agency on May 5, 2011. The Agency was represented at the exit conference by Thomas Wickenhauser, Executive Director and John Aliperti, Grant Administrator. The Internal Audit Section was represented by David Lenza, Auditor I and Dorothy Middleton, Auditor II.

### **Management's Responses**

Management's responses to the observations and recommendations identified in the draft report were received from the Agency on May 11, 2011. These responses have been incorporated into the report.

## **SUMMARY OF OBSERVATIONS**

### **Conclusion**

The Agency did not fully comply with local AHC requirements.

### **Status of Prior Observations**

The Agency's previous fiscal monitoring report, Project #2009-AHC05, issued November 5, 2009, contained the following observations:

1. Opportunity to maintain and safeguard records **(Resolved)**
2. Opportunity to develop written policies and procedures **(Resolved)**

### **Summary of Current Observations**

Recommendations were made for the following observations, which if implemented, could assist the Agency in fully complying with local AHC requirements.

1. Opportunity to document client eligibility
2. Opportunity to submit timely programmatic reports

## DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

### 1. Opportunity To Document Client Eligibility

Internal Audit Section (IAS) reviewed the Agency's client list and admission data forms to determine whether clients served were eligible under the terms of the contract. A sample of twenty-two clients and admission forms revealed that client income, residency, and age were not adequately documented. The review of the data on the admission forms revealed the following:

Clients With No Income Documentation	Clients With Current/Previous Non-City Residencies	Clients With No Current/Previous Address Documented	Clients Under Twenty-One	Clients With No Age
22	12	5	1	1

In addition, IAS observed that:

- The admission form of two clients, included above, had previous addresses in the states of Illinois and Washington.
- The admission of one client indicated income over the 20% restriction.
- Only two of the forms were certified/signed by the clients.
- There was no indication that the forms were reviewed for completeness.

Section 27 of the contract requires AHC funds be used to benefit St. Louis City residents and households earning 20% of the St. Louis median income or below. Exhibit A of the contract states that the criteria for admissions include ages 21 or older.

It appears the Agency did not establish adequate controls to ensure client eligibility was properly documented and reviewed. IAS was informed that the Agency had difficulty verifying and documenting income and residency for homeless clients. It was also noted that there were discrepancies between the Agency's objective and the contract criteria for St. Louis City residency.

When eligibility is not properly tracked, the Agency cannot provide assurances that only eligible clients are served and program objectives are met. This increases the risk that reported program expenses will not be fully allowable under the terms of the contract.

#### Recommendations

It is recommended that management:

- Contact AHC and discuss the eligibility requirements to ensure the requirements are in line with the Agency's objectives.

## **1. Continued ..**

- Document the client's eligibility.
- Implement controls such as requiring the clients to sign the admission forms certifying that all information, including age, residency, and income are accurate.
- Conduct independent reviews of the admission forms to ensure the forms are complete and all data is accurate and documented.

### ***Management's Responses***

*Although we feel we are in substantial compliance with eligibility requirements for the AHC grant, Harris House agrees our admission documentation forms do not provide adequate detail to establish all eligibility requirements in the AHC grant. Effective June 1, 2011 Harris House will implement a revised Admission Data form that incorporates recommendations of the IAS.*

*Harris House is dedicated to using AHC funds appropriately. Grant 41-10G states Harris House will serve 350 St. Louis City residents who meet eligibility requirements of the AHC grant. On average, Harris House admits about 500 clients annually. Therefore, those Harris House residents that do not meet eligibility requirements of the AHC grant may not be declined services by Harris House, but Harris House would be committed to admitting 350 clients annually who do meet eligibility requirements. It is the intention of Harris House that residents above the 350 client target eligibility group who may not meet all AHC eligibility requirements be supported by sources of revenue raised by Harris House other than the AHC grant.*

### **Auditor's Comments**

IAS recommends that unless otherwise exempted by AHC, the Agency should identify all clients served by AHC funds and document income, residency and age.

## **2. Opportunity To Submit Timely Programmatic Reports**

A review of the financial and programmatic reports was performed to determine whether the reports were submitted timely as required by the contracts. It was noted that the financial reports were submitted timely; however, not all quarterly programmatic reports were submitted timely.

The first quarterly programmatic report was due July 20, 2010, but was submitted ten days late, on July 30, 2010. IAS also noted that the second quarterly report, which was due October 20, 2010, was submitted 44 day late, on December 3, 2010.

## **2. Continued .. ..**

Section 7 of the contract requires the Agency to submit programmatic reports no later than the 20<sup>th</sup> calendar day of the next quarter. In addition, Section 24 states if the programmatic reports were more than thirteen days late, reimbursements may be held up until delinquent reports are received.

It appears the Agency did not have alternative controls, such as a system of critical scheduling or cross training, in place to ensure the quarterly reports are submitted timely. As a result, the Agency did not comply with contract requirements. The Agency risks delays in receiving reimbursement requests.

### **Recommendations**

It is recommended that the Agency implement control procedures, such as a system of critical scheduling or cross training, and supervisory reviews, to ensure that programmatic quarterly reports are submitted timely in accordance with the contract.

### ***Management's Responses***

*The incident of the second quarterly report due 10/20/10 was a result of directions from a former AHC employee that directed us, by phone, to combine the 10/20 report with our final report submitted 12/3/10 since we were going to close the grant early. It is Harris House's responsibility to submit program reports as per contract and we failed to get written or email documentation outlining the directions of the former AHC employee.*

*Harris House realizes the importance of timely reporting and will implement control procedures immediately to insure that required program reports are submitted in a timely fashion.*